

TESTIMONY
House Government Reform
Subcommittee on Regulatory Affairs

September 28, 2005

B. J. Mason
President, Mid-Atlantic Finishing Corp.
Capitol Heights, Maryland

On Behalf of
Surface Finishing Industry Council

Good morning Chairwoman Miller and members of the Subcommittee. Thank you for inviting me today to testify on the impact of regulation on U.S. manufacturing.

I am B. J. Mason, President of Mid-Atlantic Finishing Corp. We are a metal finishing “job shop” located in Capitol Heights, Maryland and have 45 employees. I started the company in 1976 and we provide silver, copper, nickel, electroless nickel, gold, tin and conversion coating finishes for a range of industries, including defense, telecommunications, aerospace, machine tool and medical.

I am testifying today on behalf of the Surface Finishing Industry Council, which includes the American Electroplaters and Surface Finishers Society (AESF), the Metal Finishing Suppliers’ Association (MFSA), and the National Association of Metal Finishers (NAMF). Together, these trade

associations represent the management, technical, professional and supplier communities in the metal finishing industry.

Like numerous other industries, metal finishing plays a significant value-added role in the manufacturing supply chain. Virtually all metal products in commerce, and an increasing number of plastic products, require the services of my industry. Whether in the form of a simple light-oil film to a complex series of metal coatings, metal finishing is vital to the needs of the nation.

We make most of the things that Americans come into contact with every day work better, look better and last longer. The metal finishing industry's role in corrosion protection alone provides what some have estimated to be a \$200 billion annual economic benefit to the nation.

The focus of my testimony today is on the listed hazardous waste, F006 – a metals byproduct that we in the metal finishing industry generate from treating metals in our effluent under the Clean Water Act. In treating our process wastewater, we generate this metals-laden material that generally goes to local hazardous waste landfills. Under the Resource Conservation and Recovery Act (RCRA), the existing regulatory framework for managing the nation's industrial wastes, we are literally throwing valuable metals away.

The average metal finishing firm “throws away” an estimated \$50,000 annually in metals based on current pricing trends. Two of the primary metals involved, among others, are nickel and chromium, both strategic materials for defense and for which the U.S. has no reserves. Appropriate changes to the current regulatory systems are needed to encourage the recovery of these critical metal resources.

What makes F006 sludge “hazardous” in the eyes of EPA is the very metal that makes it valuable when it is recovered. In short, it is only “hazardous” if it is not recycled. The vast majority of F006 sludge is *NOT* recycled, in part, because of the high costs associated with managing it as a hazardous waste. Under RCRA and the so-called “mixture and derived from” rule, any residue from the treatment or recycling of a listed hazardous waste like F006 must be managed as a hazardous waste. Because of this, recycling facilities either refuse to accept F006 or impose high costs to process F006. In most instances it is simply cheaper to send F006 materials to local hazardous waste landfills where it is treated by encapsulating it in cement, thereby doubling or tripling the volume of the material prior to disposal.

Dating back several years to the metal finishing industry’s involvement with the Common Sense Initiative under the previous

Administration, EPA has been considering a rule specifically to address recycling of my industry's metal byproduct. This rulemaking effort is separate from EPA's project to make revisions to the overall definition of solid waste under RCRA.

Based on recent discussions with EPA staff, the Agency expects to propose a regulation by the end of the year. While we support the efforts of EPA to take a more sensible approach to the recovery of metals from F006 materials, we are troubled by two things: 1) the delayed timing for this much needed rule, and 2) that the substance of the rule may not effectively remove the current legal impediments that discourage beneficial recycling. In short, F006 materials that are recycled for metals recovery would not be regulated as a hazardous waste.

A rule that will provide appropriate regulatory incentives to recover metal resources from F006 materials is needed now more than ever. First, the historically high metal prices, together with the worldwide shortage of scrap metal supplies, are sharply increasing the costs of metal raw materials and plating solutions for metal finishing companies. For example, in my case, the cost of silver is 40% higher today than it was a year ago. Other metals such as nickel have seen equal or even higher increases in that time period. These added costs are potentially devastating because the industry is

already experiencing unprecedented operating costs with rising energy, health insurance, general liability insurance, workers compensation and regulatory costs.

Second, as responsible stewards of our environment, we need to recover valuable resources from metal-laden materials like F006 and to limit the use of our landfill space for truly waste-like materials that have little or no value. It simply does not make sense for a metal finishing firm to throw away thousands of dollars of metals each year.

Third, the rule would reduce the average metal finishing facility's operating costs by over \$50,000 each year in reduced transportation costs and waste management fees. These savings would allow facility owners to continue employing workers that support families, reinvest in other cost-containment and revenue generating strategies for the company, and remain viable in the "cost-price squeeze" facing U.S. manufacturing and key supplier industries like metal finishing in highly competitive global markets.

U.S. manufacturing is good for the nation's economy. Recycling makes sense. New regulations that remove existing regulatory barriers, encourage the recovery and beneficial reuse of valuable resources like metals and promote U.S. manufacturing are needed -- and needed now. EPA, after working on this regulation for over a decade, needs to finalize

this rule to provide the appropriate incentives for the recovery of metals from my industry.

Chairwoman Miller, thank you again for the opportunity to appear before you today.